Vermont
Medicaid Reform

Summary

Costs to maintain services to the Medicaid population were quickly outgrowing existing revenues, leading to Vermont's reform initiative. The Vermont Agency of Human Services though an MOU with Office of Vermont Health Authority (OVHA) the single state Medicaid agency, implemented an 1115 waiver, known as **Global Commitment**. An Inter-Governmental Agreement (IGA) will be developed and become the basis for agreements between the Departments of Health, Disabilities, Aging and Independent Living, Children and Families, Education, and Department of Corrections. Under the new waiver, Vermont will have greater flexibility to spend federal Medicaid funds to provide services.

Waiver

Global Commitment - A global waiver that combines multiple 1915 waivers into a single 1115 waiver

Financing

- Vermont will receive $4.7 billion from the Centers for Medicare and Medicaid services over the 5 year demonstration period
- Moving to managed care will net $135 to $165 million in new federal dollars for the state
- A $500 million dollar "cushion" is expected based on administrative reimbursement rate of 9%
- State retains any unexpended managed care funds

Nature of reform

- Vermont faced an $80 million dollar Medicaid funding gap
- Major program changes would have been required to maintain within the state's budget
- Excluded are DSH payments, SCHIP, wrap around pharmacy services, part D claw back, and administrative fees for system enhancements
- Allows for creative payments using case rate mix, capitation, and combining funding streams for different populations
- Rolled 1915 HCBS waivers/services for DD, TBI, SED, and personal care services into the waiver

Expansion Size

- Currently, 25% of Vermont's total population is covered by Medicaid, including 50% of all children
- Six different populations covered by Medicaid were combined under the GC waiver
- No additional people were added under the waiver, a 1½% annual growth rate is projected

Coverage

- All necessary services are now provided through a capitated managed care program provided by the state
- MCO savings may be used to reduce the rate of uninsured/underinsured residents

Legislation

- Changes in the program require state legislative approval